

Before the  
POSTAL REGULATORY COMMISSION  
Washington, DC 20268-0001

Mail Processing Network :  
Rationalization Service : Docket No. N2012-1  
Changes, 2012 :

GREETING CARD ASSOCIATION INTERROGATORIES TO  
POSTAL SERVICE WITNESS ROSENBERG

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, the Greeting Card Association herewith submits interrogatories and requests for production of documents; specifically:

Interrogatories to Postal Service witness Rosenberg:

GCA/USUS-T3-1 to -39

The term "documents" includes, without limitation, letters, telegrams, memoranda, reports, studies, articles from periodicals, speeches, testimonies, books, pamphlets, tabulations, and workpapers. In terms of format, "documents" includes written or printed records and disks, tapes, or other recorded media (together with such written material as is necessary to understand and use such disks, tapes, or other media). If necessary, an interrogatory may be redirected to another witness, or to the Postal Service, in the interest of a complete and accurate response.

February 8, 2012

Respectfully submitted,

GREETING CARD ASSOCIATION

David F. Stover  
2970 S. Columbus St., No. 1B  
Arlington, VA 22206-1450  
(703) 998-2568  
(703) 998-2987 fax  
E-mail: postamp@crosslink.net

### GCA/USPS-T3-1

Please refer to library reference USPS-N2012-1/14, excel file, "14\_Mail Processing Window Scoring Tool.xls".

(a) Please refer to worksheet "Results" cell R4 (Annual Savings) and explain what annual savings mean in the context of this model.

(b) Please refer to worksheet "Assumptions", cell E22 (Number of days for earliest delivery), and explain what this assumption means in the context of this scoring tool.

(c) This subpart requests explanation of certain operations using the scoring tool:

- i. Suppose that we change the entry in the above cell (E22) to 1, and click on "Generate Iteration Results" and compare "Annual Savings" shown in the "Results" worksheet, cell R4. The "Annual Savings" for 1-day delivery according to this scoring tool, becomes \$6,872.7 whereas for 2-day delivery in the original "Results" tab was \$6,371.56. Please fully explain these results.
- ii. Please change the entry value for cell E22 in the "Assumptions" worksheet back to 2 and generate the results. This time the "Annual Savings" under "Results" tab become \$6,872.7 (the same value as for a 1-day delivery assumption) not \$6,371.56 (value for a 2-day delivery assumption). Please explain the reason for this discrepancy.

### GCA/USPS-T3-2

In your testimony on page 1 lines 1-9, you appear to state that your work assumes the service standard changes proposed by USPS witness Williams, and

that you essentially start with that as a given input, from which you derive a new network proposal (lines 5-6). However, on lines 7-9 you seem to state just the reverse, namely that your work determined “the network concept on which the proposed service standard changes are based.”

(a) Please explain whether your work itself concluded that an end to overnight delivery was necessary, or whether you took that as a given and then worked to determine a possible new network flowing from that that maximized potential savings to USPS.

(b) (i) Did you explore whether other operating windows were possible for single piece that also achieved savings to USPS but (as with Presort First-Class Mail under the Postal Service proposal) did not necessarily end overnight delivery?

(ii) If your answer to (b)(i) is affirmative, please provide all documentation of your efforts.

(iii) If your answer to (b)(i) is negative, please explain why did you not consider such alternatives for Single Piece as you did with Presort?

(c) Please refer to page 6, lines 1-2, of your prefiled testimony. Does this sentence mean that “the twenty-four hours” referred to was a built-in feature of the Excel calculator, rather than a variable input which was entered into it (and could be replaced by a different value in a different run)?

### GCA/USPS-T3-3

On page 1, lines 20-22, you state that, apart from 21 Network Distribution Centers, the current mail processing and distribution networks are set up to support the overnight delivery standard for First-Class Mail (FCM).

- (a) When were each of the Network Distribution Centers set up, and what mail classes were or are they designed to support?
- (b) For all Standard letter mail that is drop shipped, what percentage of it is delivered overnight once it is entered directly at the destination delivery unit?
- (c) Please list by year and type the annual purchases of mail processing and distribution equipment that were purchased since the onset of Internet diversion of FCM that were designed to support overnight delivery of First-Class Letter Mail (FCLM). For purposes of this question date the onset of diversion as PFY 1994.

GCA/USPS-T3-4

- (a) How was the overnight delivery standard for FCM managed before DPS? In answering, please describe as fully as possible the constraints, if any, which that standard imposed on incoming processing windows.
- (b) Did you develop, or have provided to you, information on how many fewer carriers are there today as a result of reducing in-office carrier time due to DPS? If so, please provide all such information, or redirect the question to a witness who can do so.
- (c) Did you develop, or have provided to you, information as to the average reduction in hours per day of carrier in-office time as a result of DPS processing? If so, please provide all such information, or redirect the question to a witness who can do so.
- (d) Did you develop, or have provided to you, information as to the use(s) made of the extra carrier time from (c) (for example, increasing the number of street time stops per carrier and/or reducing paid hours per carrier)? If so, please provide all such information, or redirect the question to a witness who can do so.

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GCA/USPS-T3-5

What is the current underutilization of DPS (or idle time) for rural delivery areas as compared to urban/suburban delivery on average nationally? Please quantify your answer as precisely as possible.

GCA/USPS-T3-6

On page 2, lines 9-11, of your testimony you state that the unused capacity of DBCS “can only be reduced through the relaxation of service standards...”. Couldn’t the current underutilization have been significantly reduced by buying fewer machines in light of declining FCM volume and where applicable gradually deploying or re-deploying them to effect a more rational network? If your answer is anything other than an unqualified “yes”, please fully explain your answer.

GCA/USPS-T3-7

On page 2, lines 22-23, you state “we worked towards developing an operating plan and associated service standards...”.

- (a) What other witnesses in this case or other USPS staff or outside consultants does “we” refer to?
- (b) Does the above-quoted statement mean that you did not start with either a new operating plan or a new set of service standards, but developed these simultaneously or sequentially?
- (c) If your answer to (b) is in the affirmative, please provide all iterations that are not now in your pre-filed materials, or in the case of existing library references, please provide citations to all such iterations.

GCA/USPS-T3-8

On page 3 of your testimony, lines 2-5, you discuss the first two steps in your work.

a. Please define specifically and in detail “theoretical”, “feasible”, “model” and “optimization” as used in your discussion.

b. You state that the first step was to build a tool “for determining operating windows...”. How many sets of windows did you look at for FCLM, for Presort, and for SP FCLM? Please document each such research effort and provide all data or other results from this first step, whether or not included in your pre-filed materials.

c. Please explain in detail whether your “second step” optimization model created multiple mail processing network structures depending upon which sets of operating windows you used in step one. Please provide all the output from these efforts, not included in your pre-filed materials, or in the case of the latter full citations to such materials.

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#### GCA/USPS-T3-9

(a) Regarding your interviews or sharing of materials with area or district managers, did this process take place before or after the proposed service standards in this case had been selected?

(b) Were managers presented with changes in service standards other than ending overnight delivery of FCM?

(c) Did the idea of keeping overnight standards for Presort but ending them for Single Piece FCLM emanate from the managers, from your model, or elsewhere? Please be specific as to the source if your answer is “elsewhere”.

(d) What range of factors did managers cite in opposition to, for example, closing their own plant?

(e) Did those factors include any discussion with or by any manager of how far bulk mailers of FCLM would have to transport their mail to a USPS facility? If so, please provide details of those conversations.

(f) Did those factors include any discussion with or by any manager that with added transport distances and earlier entry windows, the higher costs could lead bulk entry mail to decline, and mail processing of those volumes to revert back to the Postal Service for all mail processing steps? Please fully explain your answer.

GCA/USPS-T3-10

On page 12, line 12, of your testimony, please fully define what you mean by “nodes”.

GCA/USPS-T3-11

On page 12, line 20,

(a) Please fully define what you mean by “local DPS operation.”

(b) Are there any non-local DPS operations? If there are, please state what they are, how many there are, and what is their rate of capacity utilization.

GCA/USPS-T3-12

On page 4 lines 4-9, you state that “late arriving mail ... ultimately constrains the DPS processing window ...”.

(a) What percentage of each night’s mail is “late arriving mail,” as you have here used that expression?

(b) Does late arriving mail fall outside of the cut-off times as reflected in current service standards?

(c) If late arriving mail were withheld until the next day, what would be the increase above your four hours estimate in the DPS processing window with current overnight service standards?

(d) What increase in DPS utilization rates would accompany the proposal in part c. above, and how many DPS machines could be eliminated as a result?

#### GCA/USPS-T3-13

What is the actual mean, median, mode, and range of machine throughput in letters per hour DPSed you collapse into a "constant" on page 4, lines 13-14?

#### GCA/USPS-T3-14

Please fully label and provide the inputs and outputs for each and every cost and benefit option evaluated with your MS Excel scoring tool, as referenced on page 4, line 21.

#### GCA/USPS-T3-15

On page 5, lines 16 – 22, you state that your scoring tool “allows a combination of assumptions and outputs” and a “worksheet that allows the modeler to run many scenarios.”

(a) By “combination” do you mean solely various time allocations of a full extra day to process FCLM as between transportation functions and mail processing functions?

(b) If your answer to a. was “yes”, please explain why you limited the flexibility of your model so that it could not look at alternative operating windows for Single Piece FCLM specifically and FCLM generally.

(c) If your answer to a. was “no”, please explain how to use your scoring tool to evaluate the increase in efficiency by increasing the mail processing window us-



ing values in between current service standards and an extra 24 hours, e.g. an extra 2 or 4 hours, an extra 6 hours, etc.

#### GCA/USPS-T3-16

With respect to the first page appended to your testimony after page 37, you indicate that “other assumptions” can be made regarding those listed under “general”.

(a) Under “number of days for earliest delivery”, can your model be run if another assumption is made, in extra hours rather than extra days?

(b) If your answer to (a) is “no”, please explain fully why the assumption was not listed in extra hours rather than being constrained to extra days only (that is, constrained to a minimum increment of 24 hours rather than one or more fractions of that 24 hours?

(c) If your answer to (a) is “yes”, please explain how to input hours rather than days for earliest delivery, and if it is “no” please recalibrate your model to allow for such iterations, and provide model outputs resulting from them.

#### GCA/USPS-T3-17

Please refer to your prefiled testimony at page 12, lines 8-10.

Does the expression “reasonable expansion of the 2-day First-Class Mail service standard reach” refer to (a) expanding the two-day area *only* to encompass deliveries formerly served overnight, (b) expanding it *only* to encompass deliveries formerly effected in more than two days, or (c) some combination of (a) and (b),. Please explain fully.

#### GCA/USPS-T3-18

- (a) Please fully explain how your model was used, if it was used, to ascertain that by changing drop-off times at Postal Service facilities, one could maintain overnight delivery for Presort mail.
- (b) If the overnight standard for Presort was determined in some other way than your model, please explain fully what that other way used was.
- (c) Did you attempt to replicate this procedure for Single Piece FCLM, that is, change certain entry times, but keep an overnight standard? If not why not? If so please explain fully your conclusions and provide all documentation used or considered in the exercise.

#### GCA/USPS-T3-19

- (a) With the growth of on-line purchases of goods, standard shipping arranged by the vendor via a private company appears in many cases to involve transportation by USPS, but delivery by the private carrier. Did you develop, or have provided to you, information on what percentage of USPS transportation expenditures for parcels is only for such carriage, and how much is for end to end work by USPS from pick-up (or collection) to transportation and delivery? If so, please provide all such information.
- (b) Did you develop, or have provided to you, five year and ten year projections of parcel volume growth for business that entails only the transportation by USPS? If so, please provide them together with an explanation of how they were arrived at.
- (c) Did you develop, or have provided to you, information on how much such business has increased percentage utilization of USPS transportation assets with current service standards, and by how much could it increase utilization rates five and ten years out? If so, please provide all such information.

GCA/USPS-T3-20

On the first page appended to your testimony, for each operation under VOLUME, please state the *current* machine efficiency percentage.

GCA/USPS-T3-21

(a) On the first page appended to your testimony under WORKLOAD WINDOWS, please explain why in the newly proposed network cancellation would have a labor efficiency of only 52 percent, whereas the other windows would have labor efficiencies of 70 percent to 84 percent?

(b) You state labor efficiency is measured as “the ratio of current labor work-hours to expected labor workhours”. Please define “expected labor workhours” as that expression is used here. (Does 52 percent, for example, mean then that there will be roughly double the labor workhours after network rationalization than there are now?) Please explain your answer fully.

GCA/USPS-T3-22

On the first page appended to your testimony under VOLUME please provide, or give citations to, a full description of each operation listed.

GCA/USPS-T3-23

(a) On the first page appended to your testimony, under EQUIPMENT, please explain whether a blank space under the square foot column means the machinery (i) is part of current inventory but not in use at present, or (ii) is part of current inventory but will not be after network realignment, or (iii) something else. If your answer is (iii), please explain fully the meaning of the blank space.

(b) Does the “# available” column for the row “Automation” under EQUIPMENT mean that the current inventory of all automation equipment is 7,503, and that

the subsequent rows in that column break that total down by type of machine?  
Please explain your answer.

(c) Why is the average per square feet per machine identical at 2,491 as between the rows labeled “Automation” and “DBCS”?

#### GCA/USPS-T3-24

On page 5 lines 20 – 21, it is unclear whether the sentence is complete. Is its intent that *because* computational time was short, the modeler was able to run many scenarios? If not, please explain the intended meaning.

#### GCA/USPS-T3-25

You examined network rationalization for “the 48 contiguous states of the United States.” (Page 6, lines 18-19) However, the ORC survey included Hawaii and Alaska. Do you believe network rationalization is (a) unimportant, (b) infeasible, or (c) otherwise inapplicable for Alaska and Hawaii? Please explain your answer fully.

#### GCA/USPS-T3-26

You state on page 6 lines 14 - 15 that the start time and end time for each step in mail processing is the same in every area of the lower 48 states for purposes of your model. Please state what the mean, median, mode and range is currently across all lower 48 processing facilities.

#### GCA/USPS-T3-27

On page 6 lines 8 – 11, you state that your hypothetical costs are scored, but that they do not represent cost savings estimates for any particular network scenario you have run. Without attaching a number to any hypothetical cost estimate, please explain fully how (or whether) it would be safe to say that, if the hypothetical costs scored in one scenario are lower than the hypothetical costs scored in another scenario, the actual cost savings realized would also be lower?

GCA/USPS-T3-28

(a) In your model scenarios, did you factor in transportation in USPS owned or leased equipment that is not intended for delivery by the Postal Service but rather by a private carrier such as FEDEX ground or UPS who have contracted for non-local transportation only with the Postal Service? If your answer is not an unqualified "no," please explain fully how such transportation was factored into your model scenarios.

(b) How would (or did) such a factor influence your results?

GCA/USPS-T3-29

On page 8, lines 1 – 9, you discuss what alternative windows were deemed feasible and infeasible.

(a) Assume only one percent of the mail was collected after the collection processing window ended. Please explain why this small a percentage should lead to disqualification of that network alternative?

(b) Assume one percent of the mail was processed after its delivery trip left. Please explain why this small a percentage should lead you to deem that alternative infeasible?

(c) How many scenarios you deemed infeasible would be eligible for consideration as the new network if the cutoff, as regards both late mail situations covered by (a) and (b), respectively, was (i) ten percent late mail rather than zero percent, with the late mail being processed the next day, and (ii) five percent late mail rather than zero percent, with the late mail being processed the next day?

GCA/USPS-T3-30

On page 9, line 1, of your testimony you state “it was assumed a 53 foot truck would be utilized.” For all owned and leased trucks for network transportation, please provide a table showing: (a) each size of each truck (expressed in length and cubic capacity) owned or leased for network transportation, and (b) the number of such trucks in use.

GCA/USPS-T3-31

Please refer to your prefiled testimony at page 9, lines 4-6.

(a) Please explain fully the derivation of the \$1.80/mile trip rate used there.

(b) If not fully explained in your answer to (a), please show how this \$1.80/mile trip rate relates to the Highway Contract Route figure of \$2.05/mile used by Postal Service witness Bradley (USPS-T10, pages 35-36).

GCA/USPS-T3-32

On page 10, line 5, of your testimony, you allot 0.75 hours for DPS first pass and 3.0 hours for DPS second pass.

(a) Is this the same period as you describe on page 2 lines 1-3 of your testimony?

(b) Please explain how you arrived at those numbers (3.75 or 4) and why the total varies from witness Neri’s 8 hour estimate for these two passes (see Figure 5, on page 13 of his testimony).

GCA/USPS-T3-33

Using your truck size assumption of 53 feet in length (page 9, line 1), is it the case for each and every delivery unit across the country that “a single DPS

trip can be dispatched to the delivery unit” with network realignment? (page 10, lines 14-15). Please fully explain your answer, whether affirmative or negative.

GCA/USPS-T3-34

On page 10 lines 8-9 you conclude that “[c]ancellation and outgoing operations, under the Network Rationalization concept, would only need to be transported within the building.” In light of this conclusion, please explain fully why the labor efficiency for the cancellation window is so low at 52 percent, both absolutely and relative to other WORKLOAD WINDOWS (70 percent - 84 percent) in the first page appended to your testimony?

GCA/USPS-T3-35

On page 10 lines 21-22, you state that “the DPS window was defined at sixteen hours.”

(a) Does this mean sixteen compared to your current estimate of four, or witness Neri’s estimate of eight, or in addition to today’s standard(s)? Please fully explain your answer.

(b) Suppose you define a DPS window as a continuous mathematical function between the current window and your defined sixteen hours. By how much could the DPS window increase (from a base of 4 or 8 hours) without having to eliminate overnight delivery for Single Piece FCLM? Please show all calculations and output from model runs in answering this question.

GCA/USPS-T3-36

Please refer to page 11, lines 4-20, of your prefiled testimony.

Please describe fully the method of evaluating each model run on the six feasibility points set out in that portion of the testimony. In particular, please explain (i) whether each such point was a binary “pass/fail” test or involved some

scale of possible values (and if so, how that scale functioned), and (ii) whether all six feasibility points were of equal weight in evaluating the model run.

GCA/USPS-T3-37

On page 11, lines 19 and 20, by the terms “total letter automation” and “automation inventory” what types and quantities of automation machinery are you referring to?

GCA/USPS-T3-38

On page 11, lines 28-31, would you agree that "operating windows can be expanded" without having to eliminate overnight delivery for Single Piece FCLM? If your answer is anything other than an unqualified “yes” please explain in quantitative detail from your model why that is so.

GCA/USPS-T3-39

(a) What percentage of Single Piece FCLM actually requires a cancellation step at a mail processing facility, as distinguished from permit imprint, IBI or metered single piece, PC postage and any other Single-Piece postage that does not require cancellation?

(b) For all SP FCLM that does not impose a cancellation constraint, why would network re-alignment not allow for overnight delivery of such mail?